

ETHIOPIA'S EMERGING APPAREL INDUSTRY

OPTIONS FOR BETTER BUSINESS AND WOMEN'S EMPOWERMENT

EXECUTIVE SUMMARY



Overview

Ethiopia's apparel industry shows potential to become a global sourcing hub. Export earnings have grown from US\$60 million to US\$160 million in the past five years, and the government has a target to reach US\$1 billion by 2020. Government support, low costs of production, and preferential trade status with European and U.S. markets have all contributed to this growth.

While the growing industry represents opportunities for business as well as for industrialization, job creation, and inclusive economic growth, intentional action is required to realize this potential. As in previous sourcing destinations, significant challenges exist that could limit both economic and social gains. These challenges range from uncertainty in the political landscape to the impact on workers' motivation of low wages and limited opportunities for advancement. **Women in particular, who represent 85-90 percent of the workforce and may be entering formal jobs for the first time, stand to benefit from the growth of the industry but also face particular challenges that must be taken into account by all parties.**

Where it is within their scope to act, both buyers and suppliers have a vested interest in ensuring that Ethiopia becomes and remains a sustainable sourcing destination. Creating an enabling and high-performing working environment for women workers is critical to that vision. Now is the time to embed good practice and "get it right" from the beginning. Doing so will increase the wellbeing of workers, the stability of communities, and the lasting productivity of suppliers.

Stakeholder Perspectives on the Industry

Leveraging 10 years of experience of helping empower women in global supply chains, BSR's HERproject conducted this scoping study, designed to support the nascent Ethiopian apparel industry and ensure that jobs in the industry empower women.

We spoke to buyers that are sourcing from Ethiopia, foreign investors that have established operations in the country as suppliers, and women workers who are newly employed in the industry.



The **Buyer** Perspective

- + Low wages, minimal energy costs, and favorable trade agreements make Ethiopia an attractive sourcing destination from a cost perspective.
- + Major industrial zones are under development, yet the setup of new factories is taking longer than expected in some areas.
- + For buyers to increase the current low proportion of procurement from Ethiopia, significant progress in suppliers' abilities to deliver orders is required.



The **Supplier** Perspective

- + International suppliers consistently face three key issues in Ethiopia: recruiting, training, and retaining workers.
- + Current low skill levels of workers mean that productivity levels are lower than those of other sourcing destinations.
- + Suppliers have begun putting in place programs to build skills and improve workplace systems to support workers, but these are in early stages.



The **Female Worker** Perspective

- + Many workers, particularly women workers, see the stable income provided by factory work as an attraction. However, consistently low wages are seen by a majority of workers as a hindrance to job satisfaction.
 - Language and cultural barriers
- + between indigenous workers and expatriate managers are a demotivating factor for workers and may create production inefficiencies.
 - Limited opportunities for professional
- + advancement in factory work lead many women workers to view factory jobs as temporary positions.
- + Women workers are either unaware of or have little confidence in current grievance mechanisms, which raises concerns about their ability to bring up issues at work.
- + Women workers often have insufficient information on health risks including sexual and reproductive health and hygiene.
- + Factory jobs are not currently seen as long-term prospects for women workers, who view opportunities outside the factory as more appealing options for their future.

Considerations for Industry Actors

- + **Strengthened coordination and collaboration among government, donors, buyers, and suppliers is required.** We have noted a number of collaborations already taking place across sectors, all aiming to support sustainable growth of the industry. This is promising and should encourage the wide range of actors, all of whom have a role to play. Coordination specifically on workplace programming is needed to tackle the diverse needs of workers and suppliers.

- + **Increased investment in women workers and in creating an enabling and high-performing workplace is critically important.** At present, suppliers encounter significant difficulty in retaining workers, and women workers complain of an insufficiently supportive working environment. Investing in workers by building up individual skills and agency and strengthening management systems will ensure that jobs work for women in particular and that turnover decreases.

- + After years of pre-investments, it is time to pick up the pace. While several initiatives to improve industry conditions are underway, there is a short window to make progress before the costs of operation become too high. BSR's own experience and lessons learned in South Asia's apparel industry confirm that retrofitting "decent jobs" too long after the onset of the industry is difficult to accomplish. Therefore, concerted efforts to upgrade the industry should come into play soon. **Investments in a strong, empowered workforce that can support a thriving Ethiopian apparel industry is a priority—now.**

Learn More

To find out how your company can benefit from and help create a sustainable apparel industry in Ethiopia that empowers women workers, please contact BSR's HERproject : getinvolved@herproject.org

About HERproject

BSR's HERproject is a collaborative initiative that strives to empower low-income women working in global supply chains. Bringing together global brands, their suppliers, and local NGOs, HERproject drives impact for women and business via workplace-based interventions on health, financial inclusion, and gender equality. Since its inception in 2007, HERproject has worked in more than 420 workplaces across 14 countries, and has increased the wellbeing, confidence, and economic potential of more than 500,000 women.

